Washington State Health Care Authority

Frequently asked questions (FAQ)

Health Care Cost Transparency Board

Each year, Washington residents are paying more and more for their health care. Rising health care prices impact:

- Employers who provide health benefits to their employees.
- Washington State, which purchases health care for more than 2.5 million Washington residents through Apple Health (Medicaid), the Public Employees Benefits Board and School Employees Benefits Board programs, and COFA Islander Health Care Program.
- How much people need to pay out of pocket to receive care.

In 2020, the Health Care Cost Transparency Board (the board) became law to help reduce health care cost growth and increase price transparency.

What does the board do?

The board is responsible for reducing Washington State's health care cost growth by:

- Determining the state's total health care expenditures through an annual data call.
- Setting a health care cost growth benchmark for providers and payers.
- Identifying cost trends and cost drivers in the health care system.
- Reporting annually to the Legislature, including providing recommendations for lowering health care costs.

What's the board up to now?

The board set a health care cost growth benchmark for 2022-2026. Every year, the board will ask health insurance carriers for specific data, which the board will use to determine how Washington State is performing compared to the benchmark. The board will also identify markets, carriers, and health care providers who are exceeding (going over) the benchmark.

What's the benchmark?

This is a specific rate that carriers and providers should try to **stay under** to make health care more affordable for people. The board will compare the annual rate of growth of total health care spending in Washington State against this benchmark:

Table 1: benchmark for 2022–2026

Calendar year	Cost growth benchmark values
2022	3.2%
2023	3.2%
2024	3.0%
2025	3.0%
2026	2.8%

The purpose of the benchmark is to:

- Make health care costs more transparent to the public and policymakers.

- Encourage carriers and providers to keep costs at or below the benchmark.
- Reduce the overall trend of health care cost growth in Washington State.

Who makes up the board?

Fourteen members are part of the board. Nine of them, including consumer and business and labor representatives, are appointed by the Governor. The other members include the Washington State insurance commissioner, administrator of the Health Care Authority, director of Labor and Industries, the chief executive officer of the Washington Health Benefit Exchange, and a representative from a local government who purchases health care. Visit our board members page for a full roster.

In addition, the board receives support from two advisory committees: the Advisory Committee for Health Care Providers and Carriers and Advisory Committee on Data Issues.

What do the advisory committees do?

Health Care Providers and Carriers: provides expert advice from the provider and carrier perspective and supports the creation of the benchmark and data calls.

Data Issues: provides expert advice on data calls and in the analysis of existing data sources to determine cost drivers.

What's a data call?

The board is collecting data to establish a baseline for measuring future cost growth. This year (2022), we're calling on carriers to provide "pre-benchmark" performance data on total health care spending for 2017, 2018, and 2019. Next year (2023), the board will collect cost growth information for the first benchmark year, 2022.

Can Washington State really lower health care costs?

Health care costs are rising like everything else—and they are rising at a much faster rate, compared to wages or inflation. Lowering health care cost growth means future savings. It's a big challenge, and there is not one simple solution.

Washington is a leader in reducing health care costs. We are embracing innovative programs, including:

- The nation's first public option plan for health care insurance.
- The Drug Price Transparency program.
- New ways of payment that incentive providers to provide whole-person health to their patients. (Whole-person health is care for the mind, body, and substance use disorder within one integrated health care system.)
- Capping spending for certain drugs and creating a pharmacy affordability board to lower drug costs (via the Legislature during the 2022 legislative session).

Other states, including Massachusetts and Connecticut, set a cost benchmark a few years before Washington. Evidence from those states show positive results in lowering the upward trend of cost.

Transparency—making sure we understand what we're paying for and how much we're paying—is an important tool in controlling costs. A big focus of the board is to shine a light on spending so we can better understand where the biggest problems lie.

How are the state, carriers, and providers held accountable?

This year, we can see what's happening in cost growth for the entire state and in the different health insurance markets. In 2023, the public can compare spending between different carriers and providers. Because of this, we'll be able to see who has effectively stayed below the benchmark and who has not. This kind of consumer understanding is a way for the state, carriers, and providers to do their best to lower costs.

Some states have put other measures into law, including a requirement for improvement plans or the ability to fine entities that exceed their benchmark. However, the main focus is transparency, along with understanding cost drivers and best practices more deeply.

What are carriers and providers responsible for?

Beginning in 2022, carriers are responsible for staying **at or under** the benchmark. This year (2022), carriers will provide "pre-benchmark" performance data on total health care spending for 2017, 2018, and 2019. This data will help the board establish a baseline for measuring future cost growth.

Next year (2023), carriers will provide cost growth information for the first benchmark year (2022).

What happens if an insurance carrier or provider goes over the benchmark?

The board is working with its advisory committees to develop the process for this. Before data is publicly released (in late 2023), the board and staff will work closely with carriers and providers to understand the factors that have impacted performance.